

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

(as approved by Board of Directors and effective from 8th June, 2020)

PREAMBLE

Dai-ichi Karkaria Limited has, in accordance with Regulation 16(c) and Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions (including any statutory enactments/ amendments thereof), adopted the policy for laying down criteria for determining "material subsidiary(ies)" and their governance.

OBJECTIVE OF THE POLICY

The objective of this policy is to determine and provide governance framework for the material subsidiary(ies)

DEFINITIONS

"**Audit Committee**" shall mean a committee of Board of Directors of the Company constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"**Company**" The words "The Company", "Company" wherever occur in the policy shall mean "Dai-ichi Karkaria Limited".

"**Independent Director**" shall mean a Director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"**Material Subsidiary**" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

"**Subsidiary**" shall mean subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules made thereunder

"**Significant transaction or arrangement**" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

The Audit Committee shall in its meeting, in which audited financial results of the Company for previous financial year are considered, review its subsidiary (ies) on annual basis and upon that review a subsidiary fulfilling the criteria of "material subsidiary" shall be regarded as such for the current financial year.

The Company will ensure the compliance of requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to the material subsidiary (ies).

GOVERNANCE OF MATERIAL SUBSIDIARIES

- At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.
Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- The audit committee of the Company shall also review the financial statements of subsidiary (ies) including material subsidiary (ies), in particular, the investments made by the unlisted subsidiary(ies) Company.
- The minutes of the meetings of the board of directors of the unlisted subsidiary(ies) (irrespective of materiality) shall be placed at the meeting of the board of directors of the Company.
- The management of the subsidiary(ies) shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary(ies).

DISPOSAL OF SHARES OR ASSETS OF MATERIAL SUBSIDIARY COMPANIES

- Disposal of shares in its material subsidiary(ies), by the Company which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary shall require a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- Selling, disposing and leasing of assets amounting to more than twenty per cent of the assets of the material subsidiary(ies) shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

DISCLOSURES

This Policy shall be disclosed on the website of the Company www.dai-ichiindia.com and a web link thereto shall be provided in the Annual Report of the Company.